

JUN 26 2000

FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, D.C. 20463

SENSITIVE

FIRST GENERAL COUNSEL'S REPORT

Audit Referral: 99-01
Date Activated: June 9, 1999

SOL Expiration: Feb. 28, 2000 — Aug. 20, 2003¹
Staff Member: Albert R. Veldhuyzen

SOURCE: INTERNALLY GENERATED

RESPONDENTS: Patrick J. Buchanan
Buchanan for President, Inc.
Angela Buchanan, as Treasurer²
Matching Funds, Inc.
Scott B. Mackenzie, as President

RELEVANT STATUTES/REGULATIONS:

26 U.S.C. § 9035(a)
26 U.S.C. § 9035(b)
26 U.S.C. § 9042(a)
2 U.S.C. § 431(8)(A)
2 U.S.C. § 434(b)(3)(A)
2 U.S.C. § 434(b)(8)
2 U.S.C. § 431(13)(A)
2 U.S.C. § 432(h)(2)(i)
2 U.S.C. § 441a(a)(1)(A)
2 U.S.C. § 441a(a) and (f)

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¹ The statute of limitations date for the earliest violative activity (26 U.S.C. § 9035(a)) in this matter began to run February 28, 2000 for Patrick J. Buchanan's excessive contribution on February 28, 1995. By making numerous contributions after February 28, 1995, Mr. Buchanan continuously exceeded his contribution limit until his last excessive contribution on June 2, 1996. Therefore, the limitations period for this violation expires on June 2, 2001. The limitations period for the other violations are as follows: 2 U.S.C. § 441a(a) (Aug. 1, 2001 — May 1, 2002); 2 U.S.C. § 441a(f) (Aug. 1, 2001 — May 1, 2002); 2 U.S.C. § 434(b)(8) (July 15, 2002 — July 27, 2003); 2 U.S.C. § 434(b)(3)(A) (Apr. 14, 2000 — Aug. 20, 2003). Regarding the 2 U.S.C. § 434(b)(3)(A) violation, the Committee commenced submitting reports without the required Occupation/Name of Employer ("OCNOE") information on April 14, 1995 — hence the statute of limitations start date of April 14, 2000. Because the Committee filed a miscellaneous document with much of the missing OCNOE information on August 20, 1998, the limitations period ends on August 20, 2003.

² For the duration of the activities at issue in this Report, Scott B. Mackenzie served as Treasurer of Buchanan for President, Inc. An amended Statement of Organization was filed on November 17, 1999 listing Angela Buchanan as the Committee Treasurer.

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11 C.F.R. §§ 9035.2(a)(1) and (2)
 11 C.F.R. §§ 100.7(a)(1)(iii)(A) and (B)
 11 C.F.R. § 100.7(a)(1) and (a)(4)
 11 C.F.R. §§ 116.1(c) and (e)
 11 C.F.R. §§ 116.3(a), (b) and (c)
 11 C.F.R. §§ 116.4(b), (c), and (d)
 11 C.F.R. § 116.8
 11 C.F.R. § 104.11(b)
 11 C.F.R. § 104.7(b)(2)
 11 C.F.R. § 104.7(b)(4)(i)(A)

INTERNAL REPORTS CHECKED: Disclosure Reports, Audit Documents

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF MATTER

Buchanan for President, Inc. ("Committee") was the authorized committee of Patrick J. Buchanan, a candidate for the Republican nomination for President in 1996. Mr. Buchanan and the Committee received \$10,983,475 in public funds under the Presidential Primary Matching Payment Account Act ("the Matching Payment Act"), 26 U.S.C. §§ 9031-9042. This matter was generated from information obtained in the course of conducting the audit of the Committee in accordance with 26 U.S.C. § 9038(a).³ The Audit Division's materials are attached.

Attachment 1.

II. FACTUAL AND LEGAL ANALYSIS

A. LAW

Presidential candidates who accept matching federal funds agree to limit the expenditure of their personal funds for campaign purposes. According to 26 U.S.C. § 9035(a), "no candidate shall knowingly" spend more than \$50,000 of his or her personal funds (including immediate family funds) "in connection with his campaign for nomination for election to the office of

³ This Office notes that MUR 4918 which was closed on August 17, 1999, also arose from the audit of 1996 Buchanan for President, Inc. The issues in MUR 4918 are not related to the matters discussed in this report.

21-04-403-2932

President.” The term “immediate family” is defined as “a candidate, spouse, and any child, parent, grandparent, brother, half-brother, sister, or half-sister of the candidate, and the spouses of such persons.” 11 C.F.R. § 9035.2(a)(2)(b); *see also* 26 U.S.C. § 9035(b).

A contribution is a gift, subscription, loan, advance, deposit of money, or anything of value made by a person for the purpose of influencing any election for federal office. 2 U.S.C. § 431(8)(A); 11 C.F.R. § 100.7(a)(1). Loans are considered contributions at the time they are made and to the extent that they remain unpaid. 11 C.F.R. § 100.7(a)(1)(i)(B). Therefore, the aggregate of loans, advances, gifts, subscriptions, or anything else of value that the candidate provides out of personal funds for his or her presidential campaign apply towards the \$50,000 limitation. *See* 11 C.F.R. § 100.7(a)(1). Furthermore, if a candidate uses his or her personal credit card for campaign purposes, the amounts credited will count against the \$50,000 limitation unless the campaign committee pays the amounts in full “within 60 days after the closing date of the billing statement on which the charges first appear.” 11 C.F.R. § 9035.2(a)(2).

It is unlawful for any corporation to make a contribution or expenditure in connection with any federal election to any political office. 2 U.S.C. § 441b(a). It is also unlawful for any candidate or political committee to accept or receive any contribution from a corporation. *Id.* Under the Federal Election Campaign Act of 1971, as amended, no person may make contributions to a candidate and his or her authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$1,000. 2 U.S.C. § 441a(a)(1)(A). Both incorporated and unincorporated commercial vendors⁴ may extend credit to a candidate, a political committee, or another person on behalf of a candidate or political committee. However,

⁴ A commercial vendor is defined as “any person providing goods or services to a candidate or political committee whose usual and normal business involves the sale, rental, lease, or provision of those goods and services.” 11 C.F.R. § 116.1(c).

an extension of credit is a contribution if it is not extended in the ordinary course of the commercial vendor's business and the terms are not substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation. *See* 11 C.F.R.

§§ 100.7(a)(4), 116.1(c), and 116.3.

An extension of credit includes but is not limited to the following:

- (1) Any agreement between the creditor and political committee that full payment is not due until after the creditor provides goods or services to the political committee;
- (2) Any agreement between the creditor and the political committee that the political committee will have additional time to pay the creditor beyond the previously agreed to due date; and
- (3) The failure of the political committee to make full payment to the creditor by a previously agreed to due date. 11 C.F.R. § 116.1(e).

In determining whether credit is extended in the ordinary course of business, the Commission considers:

- (1) whether the commercial vendor followed its established procedures and its past practice in approving the extension of credit;
- (2) whether the commercial vendor received prompt payment in full if it previously extended credit to the same candidate or political committee; and
- (3) whether the extension of credit conformed to the usual and normal practice in the commercial vendor's trade or industry. 11 C.F.R. § 116.3(c).

Any failure to make a commercially reasonable attempt to collect debts will result in a contribution. 11 C.F.R. § 100.7(a)(4).

Commission regulations require a political committee to report the existence of a debt over \$500 to a vendor "as of the date on which the debt or obligation is incurred." 11 C.F.R.

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§ 104.11(b). Furthermore, a commercial vendor may not forgive or settle a debt in full or in part without meeting the criteria of 11 C.F.R. §§ 116.4 and 116.8.

Political committees are required to disclose the identity of each person who contributes in excess of \$200 within the calendar year. 2 U.S.C. § 434(b)(3)(A). Specifically, committees shall report to the Commission the name, mailing address, occupation, and employer of the contributor. 2 U.S.C. § 431(13)(A).

The treasurer of a political committee is required to exercise his or her best efforts to obtain, maintain, and submit the required information. In the event the information is missing, the “best efforts” standard requires the treasurer to make “at least one effort after the receipt of the contribution to obtain the missing information.” 11 C.F.R. § 104.7(b)(2); *see also* 2 U.S.C. § 432(h)(2)(i). A “best effort” consists of either a written request or an oral request documented in writing made to the contributor no later than 30 days after receipt of the contribution. 11 C.F.R. § 104.7(b)(2).⁵ The request for information cannot include “material on any other subject or any additional solicitation, except that it may include language solely thanking the contributor for the contribution.” 11 C.F.R. § 104.7(b)(2). If contributor information is received after the contribution has been disclosed on a regularly scheduled report, the political committee shall file an amended memo Schedule A listing all contributor identifications. 11 C.F.R. § 104.7(b)(4)(i)(A).

⁵ This regulation was in force at the time of the activity at issue in this matter. The Commission may require political committees to send a follow-up request to donors who fail to supply the necessary contributor information in response to the original solicitation. *See Republican Nat’l Comm. v. FEC*, 76 F.3d 400 (D.C. Cir. 1995).

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B. ANALYSIS

1. Use of the Candidate's Funds in Excess of the Limitation

Mr. Patrick J. Buchanan, as a presidential candidate, made the following personal contributions to his campaign committee:

	Dates	Type	Amounts
Item 1:	January 12, 1995	Loan	\$40,000.00
Item 2:	March 31, 1995	Direct Contribution	\$1,000.00
Item 3:	1/5/95-8/16/96	Credit Card/Cash	\$113,009.00
Total:			\$154,009.00

It appears that these expenses were incurred by the candidate for campaign related travel and subsistence between January 5, 1995 and August 16, 1996 in connection with seeking the nomination. Mr. Buchanan initially exceeded his \$50,000 limit on February 28, 1995. On April 6, 1995, the Committee repaid \$2,000 on the loan (item 1), and the balance was paid off one year later on July 8, 1996. In the meantime, however, Mr. Buchanan incurred additional expenses of \$113,009 on his American Express/Visa cards and via cash expenditures (item 3). By applying payments to charges based upon a running total, taking into consideration the 60-day time limit of 11 C.F.R. § 9035.2(a)(2), the maximum amount in excess of the limitation was \$59,156 on April 2, 1996.⁶ See Attachment 8 at 5 and Attachment 1 at 3-4.

⁶ The Audit staff initially calculated the highest amount by which the candidate exceeded the \$50,000 limitation as \$72,203. The excessive contribution figure was later revised to \$50,374 using a Commission approved running balance methodology. See Attachment 1 at 4. On July 28, 1999, the Committee submitted additional information which led the Audit staff to conclude that the maximum amount by which the candidate exceeded the contribution limit was \$59,156. See Attachment 8 at 5. The Committee, in responding to the Exit Conference Memorandum of the Audit Division, acknowledged that the candidate "may have exceeded the limitation on use of personal funds in connection with his campaign." Attachment 2 at 1.

The direct contribution of \$1,000, the loan to the Committee, and the cash expenditures, combined with the credit card transactions which were not repaid within the required 60 days resulted in personal expenditures by Mr. Buchanan well over the \$50,000 contribution limit for publicly financed presidential candidates. *See* 2 U.S.C. § 9035(a). Accordingly, the Office of General Counsel recommends that the Commission find reason to believe that Patrick J. Buchanan knowingly made personal expenditures in excess of the \$50,000 limit in connection with his presidential campaign in violation of 26 U.S.C. § 9035(a).

2. Apparent Prohibited Contribution Resulting from Extension of Credit by Commercial Vendor

On June 3, 1995, the Chairman of the Committee signed a contract with Scott B. Mackenzie, the Treasurer of the Committee and President of Matching Funds, Inc. (MFI), a business entity with its principal place of business in McLean, Virginia.⁷ Attachment 3. Pursuant to the terms of the contract, MFI was to prepare and file all submissions for matching funds, among other duties.⁸ *Id.* In exchange for Mr. Mackenzie's services through MFI, the

⁷ Matching Funds, Inc. is not a registered corporation in Virginia, the District of Columbia, or Delaware. Additionally, although all businesses and individuals engaging in self-employment or home occupations in Fairfax County, Virginia are required to obtain a business license, none was issued to Scott Mackenzie or Matching Funds, Inc. during the contract period. For business license requirements, see *Fairfax County, Virginia Department of Tax Administration — Personal Property and Business License Division* (visited July 1, 1999) <http://www.co.fairfax.va.us/dta/business_tax.htm>.

⁸ The contract requires MFI to maximize the Committee's matching funds and provide the following:

- (a) Design and implementation of donor file software;
- (b) On site project manager who will oversee contribution processing, data entry, list maintenance, and matching funds operations;
- (c) Development of procedures to successfully accomplish the above tasks;
- (d) Full implementation of all matching funds processes;
- (e) Preparation and filing of Threshold Qualification Submission;
- (f) Preparation and filing of all Subsequent Submissions; and
- (g) Retention of all relevant records for FEC audit.

21-04-403-2937

Committee agreed to pay MFI a fee equal to 10% of the "Match Rate."⁹ *Id.* MFI was to submit invoices on a monthly basis beginning January 1, 1996 and continuing until the termination of the contract. The Committee was required, under the contract, to pay MFI from the matching funds generated or within 30 days, whichever was earlier. *Id.* at 2.

On July 15, 1997, the Committee reported an outstanding debt to MFI of \$10,826 on its Second Quarter 1997 disclosure report. Attachment 4 at 2. However, based on the analysis of the Audit Division, the Committee owed MFI an additional \$183,009. Attachment 1 at 5. After the Audit staff provided its calculations to the Committee at the conference held at the conclusion of fieldwork, the Committee revised its estimate and reported an outstanding debt to MFI of \$183,009 on its Year-End 1997 disclosure report. Attachment 5 at 2. The Audit staff then recommended, in the Exit Conference Memorandum ("ECM"), that the Committee file an Amended Schedule D-P to report the correct indebtedness at \$193,835 (\$183,009 + \$10,826), which it did on July 27, 1998. Attachment 6 at 2. As of the Year-End 1999 disclosure report, the Committee still owed MFI \$165,835. Attachment 7 at 2.

In the ECM, the Audit staff recommended that the Committee provide evidence detailing MFI's efforts to collect the indebtedness and to demonstrate that the extension of credit was in the ordinary course of business. *See* 11 C.F.R. § 100.7(a)(4). In its response to the Audit staff's recommendations, the Committee did not provide the information requested. Rather, it stated that it:

strongly disagrees that the facts presented in the Exit Memorandum evidence the receipt of a corporate contribution by the Committee. Political committees have never been deemed to receive contributions because they do not pay every vendor

⁹ The "Match Rate" is "equal to the Matching Funds received and reported on line 16 of the FEC Disclosure Report divided by the Net Individual Contributions. The Net Individual Contributions are equal to the Individual Contributions as reported on line 17(a) less the Refunds of Individual Contributions as reported on line 28(a)." *Id.*

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or employee in full on time. If committees did not acquire debts and obligations other than loans in the course of their activities, most of which are with corporations, no schedule of debts and obligations would be needed. MFI also requests that we state its strong objection to the suggestion that its actions constituted a corporate contribution to the Committee.

Attachment 2 at 2.

Based on the available information, MFI appears to have been acting as an unincorporated commercial vendor¹⁰ and it does not appear to have extended credit to the Committee in the ordinary course of its business under terms that are substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation. *See* 11 C.F.R. § 116.3(a). To date, the Committee and MFI have not provided any information suggesting an agreement to defer the contractual payments to MFI, though it is apparent that the Committee failed to make payments within 30 days as required by their contract. As a result, it appears that an extension of credit occurred according to the standard enunciated in 11 C.F.R. § 116.1(e)(3).

Furthermore, it does not appear that MFI followed its past practice in extending credit to the Committee. *See* 11 C.F.R. §§ 116.3(c)(1)-(3). From January 1996 to July 1996, MFI had invoiced the Committee on a monthly basis consistent with the contractual clause requiring monthly invoicing and payment. However, from August 1996 to April 1997, MFI did not

¹⁰ Because MFI does not currently appear to possess a valid incorporated status, it is appropriate to analyze its actions under 11 C.F.R. § 116.3(a) (unincorporated vendor). Scott Mackenzie's close ties to both MFI and the Committee and MFI's legal status (or lack thereof) might give rise to the suggestion that this matter should be analyzed under 11 C.F.R. § 116.5 (staff advance) rather than under 11 C.F.R. § 116.3(a) (unincorporated vendor). Given that the parties have ratified a contract and have otherwise treated each other as independent entities, absent a further investigation revealing contrary facts, this Office believes it is appropriate to treat MFI as a separate business entity at this point. If the Commission decides to forego pre-probable cause conciliation and deems it necessary to investigate this matter further, MFI's and Scott Mackenzie's roles may be clarified.

6262 "304" 40 "12

invoice the Committee for services rendered totaling \$183,009.¹¹ See Attachment 3 at 2 and Attachment 1 at 5. MFI's apparent deviation, starting in August 1996, from its past practice of invoicing the Committee on a monthly basis and its apparent lack of attempts to collect amounts due, such as sending follow-up letters, would tend to establish that the extension of credit in the amount of \$183,009 was not in the ordinary course of MFI's business.

Contrary to the Committee's contention that political committees "have never been deemed to receive contributions because they do not pay every vendor" on time (Attachment 2 at 2), the Commission's regulations are clear that the failure to make contractually-mandated payments may be contributions. See 11 C.F.R. §§ 116.3(c)(3) and 100.7(a)(4). Scott Mackenzie's role as Treasurer of the Committee and as President of MFI casts doubt as to the nature of the relationship between the parties, and the lack of evidence of compliance with the terms of their contract and the non-existent attempts to collect the debt indicate that an excessive contribution may have occurred.¹²

¹¹ Subsequent to the audit fieldwork, the Committee provided copies of MFI invoices to the Commission on February 18, 1998, covering the period from August 1996 to January 1997 in the total amount of \$181,252.94. The Audit staff had calculated MFI's fees for its services at \$780,345.72. Prior to the conclusion of fieldwork, MFI had billed the Committee \$597,336.45. See Attachment 1 at 5. According to the auditors, the additional invoices amounting to \$181,252.94 were not in the possession of the Committee and therefore not available for review by Audit staff prior to the end of fieldwork. At the end of fieldwork conference held on January 29, 1998, Scott Mackenzie told the Audit staff that he had the invoices for the remaining submissions in his office, but he did not provide any reason why they were never presented to the Committee.

¹² In MUR 3494, the relationship between the parties cast doubt as to the arms length nature of the transaction. Congressional candidate McGowan owned a half-share in a motel, which did not attempt to collect a \$1,100 debt from McGowan's committee. The committee had rented rooms during the congressional campaign but did not pay the motel until approximately eight months later. There was no evidence that other occupants were permitted to go for such a duration without paying the motel. The Commission found reason to believe that the committee violated 2 U.S.C. § 441a(f) and the motel violated 2 U.S.C. § 441a(a)(1)(A), by the former accepting and the later making an excessive campaign contribution. In MUR 3632, the Commission found reason to believe that Brown for President knowingly accepted a corporate contribution from a vendor which extended credit to the Committee at unusually favorable terms and that the vendor's extension of credit constituted a prohibited contribution. See 2 U.S.C. § 441b. However, the Commission took no further action against either respondent in that matter. Unlike the present situation, the amounts involved were considerably less (\$29,493.95) and the vendor protested the Brown committee's failure to repay on time.

Although the June 3, 1995 contract between the Committee and MFI specified that payment was due from the matching funds generated, the Committee failed to pay its debt. It also failed to report the existence of the debt (\$183,009) until after it was brought to its attention by the Audit staff. 11 C.F.R. § 104.11(b); *see also* 2 U.S.C. § 434(b)(8).

Because MFI is being analyzed as an unincorporated commercial vendor, the individual contribution limit of \$1,000 applies. 2 U.S.C. § 441a(a)(1)(A). By its apparent failure to collect its debts and continue its past invoicing practices, it appears that MFI contributed \$183,009 to the Committee resulting in an apparent excessive contribution of \$182,009 (\$183,009 - \$1,000). *See* 11 C.F.R. § 116.3(c) and 2 U.S.C. § 441a(a)(1)(A). As of the most current disclosure report (Year-End 1999), the Committee reported that the debt owed to MFI is \$165,835.¹³ Attachment 7 at 2.

The Office of General Counsel recommends that the Commission find reason to believe that Matching Funds, Inc. and Scott B. Mackenzie, as President, violated 2 U.S.C. § 441a(a) by making an excessive contribution to Buchanan for President, Inc. and that Buchanan for President, Inc. and Angela Buchanan, as Treasurer, violated 2 U.S.C. § 441a(f) by knowingly accepting an excessive contribution.

The Office of General Counsel also recommends that the Commission find reason to believe that Buchanan for President, Inc. and Angela Buchanan, as Treasurer, violated 2 U.S.C. § 434(b)(8) by failing to disclose the outstanding debt owed to Matching Funds, Inc.

¹³ The original debt amount of \$193,835 (*see* Attachment 6 at 2) appears to have been reduced to \$165,835 as of the Year-End 1998 disclosure report. This amount has remained unchanged according to the Year-End 1999 disclosure report. *See* Attachment 7 at 2. However, the Audit Division could not confirm actual payments in the amount of \$28,000 (\$193,835 - \$165,835) from the Committee to MFI.

3. Disclosure of Occupation/Name of Employer

The Audit staff reviewed the Committee's disclosure reports and noted an omission rate of 58%, accounting for a total of \$2,422,604, for which contributors' occupations and names of employers were incomplete. *See* 2 U.S.C. § 431(13)(A), 11 C.F.R. § 104.7(b)(2). As a result, the Audit staff requested a copy of the Committee's procedures. Although the Committee's fundraising guidelines indicated that solicitation devices should request the contributor's occupation and name of employer, its requests for additional information were to qualify contributions for matching funds. There was no systematized method of obtaining missing contributor information for all contributions.¹⁴ Furthermore, a review of the Committee's disclosure reports indicated that the Committee did not file amended schedules when it did receive additional information. Attachment 1 at 7.

The Audit staff recommended in the Exit Conference Memorandum that the Committee provide evidence of "best efforts" to obtain, maintain and report the required information. *Id.* In the absence of such information, the Audit staff recommended that the Committee contact all contributors with missing information and provide evidence of the contacts and any responses, and then file Amended Schedule A-P. The Committee complied, hiring the JVL Company to contact 2,699 donors. *Id.* On August 20, 1998, the Committee filed a miscellaneous document to supplement the public record but failed to file amended Schedules A-P.¹⁵ *Id.* at 8.

¹⁴ In determining whether the political committee exercised "best efforts," the focus of the Commission is whether "the committee has in place a systematized method for complying with the Act's disclosure requirements." Explanation and Justification for 11 C.F.R. § 104.7, 45 Fed. Reg. 15,086 (Mar. 7, 1980).

¹⁵ The miscellaneous document filed by the Committee covered numerous reporting periods and listed approximately 15,505 contributors along with occupation and name of employer information.

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The Committee failed to submit any evidence that it systematically contacted individuals who omitted required information when contributing to the campaign. *See* 11 C.F.R. § 104.7.

The Committee did not show that it used best efforts to obtain, maintain, and submit the required information. Furthermore, the Committee failed to submit the required disclosure reports.

Attachment 1 at 8.

Accordingly, the Office of General Counsel recommends that the Commission find reason to believe that Buchanan for President, Inc., and Angela Buchanan, as Treasurer, violated 2 U.S.C. § 434(b)(3)(A) by failing to collect and report contributor information.

III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

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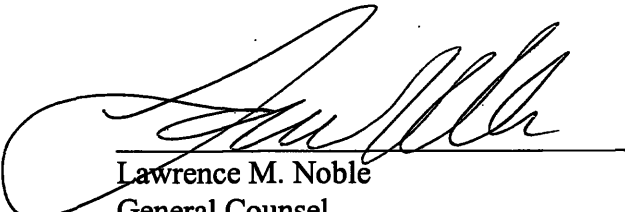
IV. RECOMMENDATIONS

1. Open a MUR.
2. Find reason to believe that Patrick J. Buchanan violated 26 U.S.C. § 9035(a) by knowingly incurring expenditures from his personal funds in excess of the \$50,000 limit.
3. Find reason to believe that Matching Funds, Inc. and Scott B. Mackenzie, as President, violated 2 U.S.C. § 441a(a) by making an excessive contribution to Buchanan for President, Inc.
4. Find reason to believe that Buchanan for President, Inc. and Angela Buchanan, as Treasurer, violated 2 U.S.C. § 441a(f) by knowingly accepting an excessive contribution.
5. Find reason to believe that Buchanan for President, Inc. and Angela Buchanan, as Treasurer, violated 2 U.S.C. § 434(b)(8) by failing to disclose the outstanding debt owed to Matching Funds, Inc.

6. Find reason to believe that Buchanan for President, Inc. and Angela Buchanan, as Treasurer, violated 2 U.S.C. § 434(b)(3)(A) by failing to collect and report contributor information.
7. Enter into conciliation with Mr. Patrick J. Buchanan; Buchanan for President, Inc., Angela Buchanan, as Treasurer; and Matching Funds Inc., Scott B. Mackenzie, as President; prior to a finding of probable cause to believe.
8. Approve the attached proposed Conciliation Agreements.
9. Approve the attached factual and legal analyses.
10. Approve the appropriate letters.

Date

6/26/00


 Lawrence M. Noble
 General Counsel

Attachments

1. Referral of the Audit Division dated January 26, 1999.
2. Response to the Exit Conference Memorandum of the Audit Division of Buchanan for President, Inc. dated July 22, 1998.
3. Contract between Matching Funds Inc. and Buchanan for President, Inc. dated June 3, 1995.
4. Buchanan for President, Inc. disclosure report (2nd Quarter, 1997).
5. Buchanan for President, Inc. disclosure report (Year-End, 1997).
6. Buchanan for President, Inc. disclosure report (Amended Schedule D-P).
7. Buchanan for President, Inc. disclosure report (Year-End, 1999).
8. Audit Analysis and Graphs dated December 29, 1999.
9. Proposed Factual and Legal Analysis to Patrick J. Buchanan.
10. Proposed Factual and Legal Analysis to Buchanan for President, Inc., Angela Buchanan, as Treasurer.
11. Proposed Factual and Legal Analysis to Matching Funds, Inc., Scott B. Mackenzie, as President.
12. Proposed Conciliation Agreement for Patrick J. Buchanan.
13. Proposed Conciliation Agreement for Buchanan for President, Inc., Angela Buchanan, as Treasurer.
14. Proposed Conciliation Agreement for Matching Funds, Inc., Scott B. Mackenzie, as President.

21.04.403.2035



FEDERAL ELECTION COMMISSION
Washington, DC 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel *HCS*

DATE: June 26, 2000

SUBJECT: Audit Referral 99-01 First General Counsel's Report

The attached is submitted as an Agenda document for the Commission Meeting of _____

Open Session _____

Closed Session _____

CIRCULATIONS

SENSITIVE ☒
NON-SENSITIVE ☐

72 Hour TALLY VOTE ☒

24 Hour TALLY VOTE ☐

24 Hour NO OBJECTION ☐

INFORMATION ☐

DISTRIBUTION

COMPLIANCE ☒

Open/Closed Letters ☐

MUR ☐

DSP ☐

STATUS SHEETS ☐

Enforcement ☐

Litigation ☐

PFESP ☐

RATING SHEETS ☐

AUDIT MATTERS ☐

LITIGATION ☐

ADVISORY OPINIONS ☐

REGULATIONS ☐

OTHER ☐

21-04-403-2225



FEDERAL ELECTION COMMISSION
Washington, DC 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARY W. DOVE/VENESHE FEREBEE-VINES *WV*
COMMISSION SECRETARY

DATE: JUNE 30, 2000

SUBJECT: Audit Referral 99-01 - First General Counsel's Report
dated June 26, 2000.

The above-captioned document was circulated to the Commission
on Tuesday, June 27, 2000.

Objection(s) have been received from the Commissioner(s) as
indicated by the name(s) checked below:

Commissioner Elliott	—
Commissioner Mason	—
Commissioner McDonald	—
Commissioner Sandstrom	—
Commissioner Thomas	—
Commissioner Wold	<u>XXX</u>

This matter will be placed on the meeting agenda for Tuesday,
July 11, 2000. Please notify us who will represent your Division before the
Commission on this matter.